

APPENDIX 3

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION

Discussion and Analysis of Unaudited Financial Statements

For the Period July 1, 2018 through December 31, 2018

The December 31, 2018 financial statements of the California Prison Health Care Receivership Corp (CPR) are presented in compliance with the measurement focus, basis of accounting and financial presentation set forth by the Government Accounting Standards Board (GASB), and include a Statement of Net Assets and General Fund Balance (Balance Sheet) and a Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance (Revenues and Expenses). In lieu of comparing net asset and operating activities to prior period amounts, operating activities are compared to budget.

A review of expenses included on the unaudited statement of activities compared to what was budgeted for the six months ended December 31, 2018 shows a total difference of \$92,200 or 6.6% variance under budget. Professional fees account for the majority of the difference. Under budget by \$89,100 or 8.5%.

No Capital assets have been purchased during the first six months of the Fiscal year.

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the six months ended
December 31, 2018

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$135,879	\$ -	\$ 135,879
Due From Special Deposit Fund	\$0		
Prepaid items	\$8,390	-	8,390
	<u>144,269</u>	<u>-</u>	<u>144,269</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 144,269</u></u>	<u><u>-</u></u>	<u><u>\$ 144,269</u></u>
Liabilities			
Liabilities:			
Accounts payable	48,659	-	48,659
Accrued salaries and benefits	23,920	-	23,920
Other accrued expenses	57,379		57,379
Compensated absences	0	\$47,464	47,464
	<u>-</u>	<u>\$47,464</u>	<u>47,464</u>
Total liabilities	<u><u>\$ 129,958</u></u>	<u><u>\$ 47,464</u></u>	<u><u>\$ 177,422</u></u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	8,390	(8,390)	-
Unreserved, undesignated	- 5,921	(5,921)	-
	<u>-</u>	<u>(5,921)</u>	<u>-</u>
Total fund balance	<u><u>14,311</u></u>	<u><u>(14,311)</u></u>	<u><u>-</u></u>
Total liabilities and fund balance	<u><u>\$ 144,269</u></u>		
Net Position:			
Unrestricted		(33,151)	(33,151)
Total Net Position		<u><u>\$ (33,151)</u></u>	<u><u>\$ (33,151)</u></u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the six months ended
December 31, 2018

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,275,000	-	\$ 1,275,000
General revenues:			
Investment earnings	5	-	5
Miscellaneous Income	0	-	-
	<u>1,275,005</u>	<u>-</u>	<u>1,275,005</u>
Total Revenues			
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	338,520	-	338,520
Legal and professional services	956,058	-	956,058
Travel	5,819	-	5,819
Insurance	8,837	-	8,837
Other	4,535	-	4,535
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
	<u>1,313,768</u>	<u>-</u>	<u>1,313,768</u>
Total Expenditures/Expenses			
Change in fund balance/net position	(38,763)	-	(38,763)
Fund balance/net position - July 1, 2018	53,076	(\$47,464)	5,612
Fund balance/net position - December 31, 2018	<u>\$ 14,313</u>	<u>\$ (47,464)</u>	<u>\$ (33,151)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the six months ended
December 31, 2018

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$1,405,968	\$1,275,000	\$ (130,968)
Investment earnings	\$0	\$5	5
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$1,405,968</u>	<u>\$1,275,005</u>	<u>(130,963)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	336,210	338,520	(2,310)
Legal and professional services	1,045,158	956,058	89,100
Travel	4,500	5,819	(1,319)
Office expenses	2,550	1,561	989
Telephone and network	-	-	-
Insurance	9,000	8,837	163
Other	8,550	\$2,974	5,576
Capital outlay	-	-	-
Total expenditures	<u>1,405,968</u>	<u>1,313,768</u>	<u>92,200</u>
Change in fund balance	<u>\$ -</u>	<u>(38,763)</u>	<u>\$ (38,763)</u>

Fund balance - July 1, 2018

53,076

Fund balance December 31, 2018

\$ 14,313

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the five months ended
November 30, 2018

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$297,995	\$ -	\$ 297,995
Due From Special Deposit Fund	\$0		
Prepaid items	\$10,437	-	10,437
	<u>308,432</u>	<u>-</u>	<u>308,432</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 308,432</u>	<u>-</u>	<u>\$ 308,432</u>
Liabilities			
Liabilities:			
Accounts payable	262,042	-	262,042
Accrued salaries and benefits	23,920	-	23,920
Other accrued expenses	4,573		4,573
Compensated absences	0	\$47,464	47,464
	<u>-</u>	<u>\$47,464</u>	<u>47,464</u>
Total liabilities	<u>\$ 290,535</u>	<u>\$ 47,464</u>	<u>\$ 337,999</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	10,437	(10,437)	-
Unreserved, undesignated	7,460	(7,460)	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>17,897</u>	<u>(17,897)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 308,432</u>		
Net Position:			
Unrestricted		(29,565)	(29,565)
Total Net Position		<u>\$ (29,565)</u>	<u>\$ (29,565)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the five months ended
November 30, 2018

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 725,000	-	\$ 725,000
General revenues:			
Investment earnings	4	-	4
Miscellaneous Income	0	-	-
	<u>725,004</u>	<u>-</u>	<u>725,004</u>
Total Revenues			
	<u>725,004</u>	<u>-</u>	<u>725,004</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	282,663	-	282,663
Legal and professional services	461,647	-	461,647
Travel	5,393	-	5,393
Insurance	7,361	-	7,361
Other	3,117	-	3,117
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
	<u>760,181</u>	<u>-</u>	<u>760,181</u>
Total Expenditures/Expenses			
	<u>760,181</u>	<u>-</u>	<u>760,181</u>
Change in fund balance/net position	(35,177)	-	(35,177)
Fund balance/net position - July 1, 2018	53,076	(\$47,464)	5,612
Fund balance/net position - November 30, 2018	<u>\$ 17,899</u>	<u>\$ (47,464)</u>	<u>\$ (29,565)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the five months ended
November 30, 2018

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$1,171,640	\$725,000	\$ (446,640)
Investment earnings	\$0	\$4	4
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$1,171,640</u>	<u>\$725,004</u>	<u>(446,636)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	280,175	282,663	(2,488)
Legal and professional services	870,965	461,647	409,318
Travel	3,750	5,393	(1,643)
Office expenses	2,125	1,101	1,024
Telephone and network	-	-	-
Insurance	7,500	7,361	139
Other	7,125	\$2,016	5,109
Capital outlay	-	-	-
Total expenditures	<u>1,171,640</u>	<u>760,181</u>	<u>411,459</u>
Change in fund balance	<u>\$ -</u>	<u>(35,177)</u>	<u>\$ (35,177)</u>

Fund balance - July 1, 2018	<u>53,076</u>
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Fund balance November 30, 2018	<u>\$ 17,899</u>
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CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the four months ended
October 31, 2018

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$201,746	\$ -	\$ 201,746
Due From Special Deposit Fund	\$0		
Prepaid items	\$12,469	-	12,469
	<u>214,215</u>	<u>-</u>	<u>214,215</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 214,215</u>	<u>-</u>	<u>\$ 214,215</u>
Liabilities			
Liabilities:			
Accounts payable	152,395	-	152,395
Accrued salaries and benefits	23,920	-	23,920
Other accrued expenses	5,179		5,179
Compensated absences	0	\$47,464	47,464
	<u>-</u>	<u>\$47,464</u>	<u>47,464</u>
Total liabilities	<u>\$ 181,494</u>	<u>\$ 47,464</u>	<u>\$ 228,958</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	12,469	(12,469)	-
Unreserved, undesignated	20,252	(20,252)	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>32,721</u>	<u>(32,721)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 214,215</u>		
Net Position:			
Unrestricted		(14,740)	(14,740)
Total Net Position		<u>\$ (14,740)</u>	<u>\$ (14,740)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the four months ended
October 31, 2018

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 575,000	-	\$ 575,000
General revenues:			
Investment earnings	3	-	3
Miscellaneous Income	0	-	-
	<u>575,003</u>	<u>-</u>	<u>575,003</u>
Total Revenues			
	<u>575,003</u>	<u>-</u>	<u>575,003</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	227,950	-	227,950
Legal and professional services	354,914	-	354,914
Travel	4,113	-	4,113
Insurance	5,903	-	5,903
Other	2,475	-	2,475
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
	<u>595,355</u>	<u>-</u>	<u>595,355</u>
Total Expenditures/Expenses			
	<u>595,355</u>	<u>-</u>	<u>595,355</u>
Change in fund balance/net position	(20,352)	-	(20,352)
Fund balance/net position - July 1, 2018	53,076	(\$47,464)	5,612
Fund balance/net position - October 31, 2018	<u>\$ 32,724</u>	<u>\$ (47,464)</u>	<u>\$ (14,740)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the four months ended
October 31, 2018

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$937,312	\$575,000	\$ (362,312)
Investment earnings	\$0	\$3	3
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$937,312</u>	<u>\$575,003</u>	<u>(362,309)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	224,140	227,950	(3,810)
Legal and professional services	696,772	354,914	341,858
Travel	3,000	4,113	(1,113)
Office expenses	1,700	858	842
Telephone and network	-	-	-
Insurance	6,000	5,903	97
Other	5,700	\$1,616	4,084
Capital outlay	-	-	-
Total expenditures	<u>937,312</u>	<u>595,355</u>	<u>341,957</u>
Change in fund balance	<u>\$ -</u>	<u>(20,352)</u>	<u>\$ (20,352)</u>
Fund balance - July 1, 2018		<u>53,076</u>	
Fund balance October 31, 2018		<u>\$ 32,724</u>	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the three months ended
September 30, 2018

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$224,341	\$ -	\$ 224,341
Due From Special Deposit Fund	\$0		
Prepaid items	\$14,518	-	14,518
	<u>238,859</u>	<u>-</u>	<u>238,859</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 238,859</u>	<u>-</u>	<u>\$ 238,859</u>
Liabilities			
Liabilities:			
Accounts payable	116,197	-	116,197
Accrued salaries and benefits	23,920	-	23,920
Other accrued expenses	5,578		5,578
Compensated absences	0	\$47,464	47,464
	<u>-</u>	<u>\$47,464</u>	<u>47,464</u>
Total liabilities	<u>\$ 145,695</u>	<u>\$ 47,464</u>	<u>\$ 193,159</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	14,518	(14,518)	-
Unreserved, undesignated	- 78,646	(78,646)	-
	<u>-</u>	<u>(78,646)</u>	<u>-</u>
Total fund balance	<u>93,164</u>	<u>(93,164)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 238,859</u>		
Net Position:			
Unrestricted		40,010	40,010
Total Net Position		<u>\$ 40,010</u>	<u>\$ 40,010</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the three months ended
September 30, 2018

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 425,000	-	\$ 425,000
General revenues:			
Investment earnings	1	-	1
Miscellaneous Income	0	-	-
	<u>425,001</u>	<u>-</u>	<u>425,001</u>
Total Revenues			
	<u>425,001</u>	<u>-</u>	<u>425,001</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	173,054	-	173,054
Legal and professional services	201,674	-	201,674
Travel	4,113	-	4,113
Insurance	4,427	-	4,427
Other	1,640	-	1,640
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
	<u>384,910</u>	<u>-</u>	<u>384,910</u>
Total Expenditures/Expenses			
	<u>384,910</u>	<u>-</u>	<u>384,910</u>
Change in fund balance/net position	40,091	-	40,091
Fund balance/net position - July 1, 2018	53,076	(\$47,464)	5,612
Fund balance/net position - September 30, 2018	<u>\$ 93,167</u>	<u>\$ (47,464)</u>	<u>\$ 45,703</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the three months ended
September 30, 2018

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$702,984	\$425,000	\$ (277,984)
Investment earnings	\$0	\$1	1
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$702,984</u>	<u>\$425,001</u>	<u>(277,983)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	168,105	173,054	(4,949)
Legal and professional services	522,579	201,674	320,905
Travel	2,250	4,113	(1,863)
Office expenses	1,275	415	860
Telephone and network	-	-	-
Insurance	4,500	4,427	73
Other	4,275	\$1,225	3,050
Capital outlay	-	-	-
Total expenditures	<u>702,984</u>	<u>384,910</u>	<u>318,074</u>
Change in fund balance	<u>\$ -</u>	40,091	\$ 40,091
Fund balance - July 1, 2018		<u>53,076</u>	
Fund balance September 30, 2018		<u>\$ 93,167</u>	